

## Summary of DTE Energy Subsidiary (MichCon and Detroit Edison)

### Global Settlement Framework for Transmission and Distribution Personal Property

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DTE, the Department of Treasury and several large taxing jurisdictions have agreed to the terms of a global settlement framework whereby taxing jurisdictions can avoid paying refunds. DTE intends to offer the global terms to all respondents in DTE transmission and distribution personal property cases once a sufficient number of the largest jurisdictions have finalized settlement under the global terms. The parties expect to know by mid-December whether the above condition would be met. If so, the below-listed terms would be offered:

- No refunds, interest or penalties would be paid by any party (i.e. no cash changes hands) so long as 2005 State Tax Commission (“STC”) tables are used in up to three future tax years.
- The basis for any revised values would be the current, 2005 STC tables applied to all costs capitalized for rate making purposes. (This means DTE’s reported costs to which the 2005 STC tables would be applied will be **increased** from those originally reported by DTE in many pre-2004 tax years and would be generally consistent with the costs reported by DTE in 2004 and 2005.)
- DTE would continue reporting all costs capitalized for rate making purposes for at least the next 3 years so long as the respondent uses the 2005 STC tables to value such reported costs.
- Only if a respondent does not perform its promise to use current 2005 STC tables in up to three subsequent tax years would the Tribunal enter judgments revising pre-2000 tax year values. These judgments would have the effect of triggering refund obligations from respondents.
- DTE would provide data to the Department of Treasury from which the Department could evaluate whether DTE has, on a statewide basis, fully reported all costs capitalized for rate making purposes.
- The global terms are set forth in form settlement documents for MichCon and Detroit Edison cases filed in either 1997 or 1998, and in the first executed settlement documents entered by the Tribunal in the *Detroit Edison Company v. City of Madison Heights* cases, now all posted on the Tribunal’s website.